
MONITORING REPORT FOR 3 MONTHS TO 30 JUNE 2023

Report by Director of Finance & Procurement

HAWICK COMMON GOOD FUND SUB-COMMITTEE

15 August 2023

1 PURPOSE AND SUMMARY

- 1.1 **This report provides the details of the income and expenditure for the Hawick Common Good Fund for the three months to 30 June 2023, a full year projected out-turn for 2023/24, and projected balance sheet values as at 31 March 2024.**
- 1.2 Appendix 1 provides the projected income and expenditure position for 2023/24. This shows a projected surplus of £108,633 for the year.
- 1.3 Appendix 2 provides a projected balance sheet value as at 31 March 2024. It shows a projected increase in reserves of £28,255.
- 1.4 Appendix 3a provides a breakdown of the property portfolio showing projected rental income and projected net return for 2023/24 and actual property income to 30 June 2023.
- 1.5 Appendix 3b provides a breakdown of the property portfolio showing projected property expenditure for 2023/24 and actual property expenditure to 30 June 2023.
- 1.6 Appendix 4 provides a breakdown of the property portfolio showing projected property valuations at 31 March 2024.
- 1.7 Appendix 5 shows the value of the Aegon Asset Management Investment Fund to 30 June 2023.

2 RECOMMENDATIONS

- 2.1 **I recommend that the Common Good Fund Sub-Committee:**
 - (a) **Notes the actual income and expenditure for 2023/24 in Appendix 1;**
 - (b) **Notes the projected balance sheet value as at 31 March 2024 in Appendix 2;**
 - (c) **Notes the summary of the property portfolio in Appendices 3 and 4; and**

(d) Notes the current position of the Aegon Asset Management Investment Fund in Appendix 5.

3 BACKGROUND

3.1 This report provides the Committee with financial information for the period to 30 June 2023 and projections to 31 March 2024. The report also contains a projected balance sheet for the Common Good Fund as at 31 March 2024.

4 FINANCIAL POSITION 2023/24

4.1 Appendix 1 provides details on income and expenditure for the 2023/24 financial year. The projected net position for the year is a surplus of £108,633.

4.2 Income & Expenditure –Property Income

Rental income for 2023/24 is shown in Appendices 1 & 3a, with Appendix 3a detailing the actual annual rental income by individual property. Actual income is reported on a cash basis until the year end with quarter 4 reports incorporating any annual adjustments for prepayments and accruals.

4.3 Income & Expenditure – Non-Property Related Income

- (a) The projected outturn position shows an amount of £550 relating to interest receivable on cash held by SBC. Also included are dividends from the Common Good Funds investment in Aegon Asset Management amounting to £21,135, with the projection for 2023/24 remaining at the 5% target and the monthly distribution profile projections provided by Aegon. The position will be monitored closely with Aegon Asset Management.
- (b) Rebate income of £103 from Aegon Asset Management received in March 2023, along with the corresponding 106 units, purchased in April was accounted for in 2022/23.
- (c) As was previously reported, income from the Pilmuir Servitude has been delayed into financial year 2023/24 due to additional works being carried out (installation of additional poles and underground lines near Hawick Golf Club). Income of £75,000 is expected, although clarification is required on the status of the works and Servitude. The sub-Committee will be updated on this issue as further information becomes available.

4.4 Income & Expenditure – Property Expenditure

- (a) The property expenditure for 2023/24 is shown in Appendices 1 & 3b, with Appendix 3b detailing the actual property expenditure by individual property. Actual expenditure is reported on a cash basis until the year end with quarter 4 reports incorporating any annual adjustments for prepayments and accruals.
- (b) Appendices 3a and 3b show a full breakdown of the projections for property rental and repairs for 2023/24. These will be revised as further information is received.

4.5 Income & Expenditure – Grants & Other Donations

The grants and other donations approved and distributed to 31 March 2024 are shown below:

Grant Recipients	Approved	£
Approved and Paid to 30 June 2023		
Hawick Common Riding	21/03/23	1,848
Future Hawick	21/03/23	450
Escape Youth Service	23/05/23	6,000
Hornshole Greenway Development Group	23/05/23	4,656
Hawick Ex-service Association	23/05/23	6,000
Hawick Colts AFC	23/05/23	3,000
Riddell Fiddles	23/05/23	2,324
Total Paid to 31 March 2024		24,278
Approved but not yet paid		
Hawick Salvation Army hire of Hall for Xmas Service (recurring annual payment)	19/03/19	200
Silverbuthall Community Development	22/11/12	7,000
Total Grants Approved not paid		7,200
2023/24 Budget		33,300
<i>(Unallocated)/Overallocated Budget</i>		<i>(1,822)</i>

4.6 Income & Expenditure – Central Support Service Charge

The proposed charge for 2023/24 is currently estimated using a 2% uplift on the 2022/23 charge. This is subject to revision once the 2023/24 pay award is confirmed and a full Service Charge Review has been completed and approved by Council.

4.7 Income & Expenditure – Depreciation Charge

The projected depreciation charge for the year is £80,378. This is not a cash transaction and is off-set by a corresponding contribution from the Revaluation Reserve at the end of the financial year.

4.8 Appendix 2 provides the actual balance sheet value as at 1 April 2023, the projected movement during the year and a projected balance sheet as at 31 March 2024.

4.9 Balance Sheet – Fixed Assets

All fixed assets of the Common Good Fund are revalued every 5 years as part of the Council's rolling programme. The fixed assets were revalued at 1 April 2019. Appendix 4 shows the actual values of the individual properties at 1 April 2023, projected depreciation charges for 2023/24 and projected values at 31 March 2024.

4.10 Balance Sheet – Investment Fund

The fund has a 11.30% unrealised loss in market value since investment, largely due to continued volatility in investment markets. However, taking account of the income received, the fund has achieved an overall return of 16.45% since investment in February 2018.

4.11 Balance Sheet – Cash Balance

The cash held by the fund is projected to be £221,994 at 31 March 2024 and is detailed below:

Cash Balance	£
Opening Balance at 1 April 2023	113,886
Projected surplus for year from Income & Expenditure Statement	108,633
Net cash movement in Debtors/Creditors	0
Rebate Investment in Aegon Asset Management	(525)
Projected Closing Balance at 31 March 2024	221,994

4.12 Balance Sheet – Capital Reserve

The movement in the Capital Reserves include the unrealised loss for the Aegon Asset Management Fund as at 31 March 2023, but due to the nature of the markets no estimate has been made for the future years' movement.

5 IMPLICATIONS

5.1 Financial

There are no further financial implications other than those explained above in Section 4.

5.2 Risk and Mitigations

There is a risk that investments in the Aegon Asset Management Fund may reduce in value due to market or investment performance. This risk cannot be fully mitigated; however, it is being managed by the selection of a Fund Manager with a clear objective of preserving capital values while aiming to produce returns in line with their benchmark.

5.3 Integrated Impact Assessment

There is no impact or relevance to Equality Duty or the Fairer Scotland Duty for this report. This is a routine financial monitoring report which forms part of the governance of the management of the Common Good Funds. Nevertheless, a light touch assessment has been conducted and this will be published on SBC's Equality and Diversity Pages of the website as in doing so, signifies that equality, diversity and socio-economic factors have duly been considered when preparing this report.

5.4 Sustainable Development Goals

Whilst there are no economic, social or environmental effects arising from the proposals contained in this report, there are, through the activities reported upon, positive impacts upon the economy through protection of employment, positive impacts upon the quality of community life and improvements in local amenities and nurturing of local talent. The potential improvement in levels of income through the use of the new investment fund will act to make the Common Good Fund more sustainable in the future.

5.5 Climate Change

There are no effects on climate change arising from the proposals contained in this report.

5.6 Rural Proofing

There are no effects on rural proofing arising from the proposals contained in this report.

5.7 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

5.8 Changes to Scheme of Administration or Scheme of Delegation

There are no changes required to the Scheme of Administration or Scheme of Delegation arising from the proposals contained in this report.

6 CONSULTATION

- 6.1 The Chief Legal Officer (including as Monitoring Officer), the Chief Officer Audit and Risk, Director (People Performance & Change), the Clerk to the Council and Communications have been consulted and their appropriate comments have been incorporated into this report.

Approved by

Suzy Douglas
Director of Finance & Procurement

Author(s)

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Background Papers:

Previous Minute Reference: Hawick Common Good Committee 23 May 2023

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**HAWICK COMMON GOOD FUND
PROJECTED INCOME AND EXPENDITURE 2023/24**

APPENDIX 1

	Actuals at 30/06/23	Full Year Approved Budget 2023/24	Full Year Projected Out-turn 2023/24	Full Year Projected Over/ (Under) Spend 2023/24	Para Ref	Comments
	£	£	£	£		
Property Income						
Rental Income	(67,592)	(98,802)	(98,802)		4.2	
Non-Property Related Income						
Interest on Cash deposited with Council	(0)	(550)	(550)		4.3	
Investment Fund – Dividends Rec'd	(3,276)	(21,135)	(21,135)		4.3	Est 5% return
Other Income	(0)	(450)	(450)		4.3	
Pilmuir Servitude	(7,568)	(75,000)	(75,000)		4.3	
Total Income	(78,436)	(195,937)	(195,937)			
Property Costs Detailed in App'x 3b	30,979	41,000	41,000		4.4	
Grants & Other Donations	24,278	33,300	33,300		4.5	3 year average
Central Support Service Charge	0	13,004	13,004		4.6	Subject to review
Depreciation Depreciation						
Depreciation Charge	0	80,378	80,378		4.7	
Contribution from Revaluation Reserve	0	(80,378)	(80,378)		4.7	
Net impact of Depreciation on Revenue Reserve	0	0	0			
Total Net (Surplus)/Deficit for year	(23,179)	(108,633)	(108,633)			

**HAWICK COMMON GOOD FUND
PROJECTED BALANCE SHEET VALUE AS AT 31 MARCH 2024**

APPENDIX 2

	Opening Balance at 01/04/23	Projected Movement in Year	Projected Closing Balance at 31/03/24
	£	£	£
Fixed Assets			
Land & Buildings	4,305,472	(80,378)	4,225,094
Heritable Assets	3,000	0	3,000
Feu Duties	18	0	18
Total Fixed Assets	4,308,490	(80,378)	4,228,112
Capital in Investment Funds			
Investment Fund Book Value	457,691	525	458,216
Unrealised Gains/(Loss)	(53,408)	0	(53,408)
Market Value	404,283	525	404,808
Current Assets			
Debtors	31,591	0	31,591
Cash deposited with SBC	113,886	108,108	221,994
Total Current Assets	145,477	108,108	253,585
Current Liabilities			
Creditors	0	0	0
Receipts in Advance	(13,647)	0	(13,647)
Total Current Liabilities	(13,647)	0	(13,647)
Net Assets	4,844,603	28,255	4,872,858
Funded by: Reserves			
Revenue Reserve	(130,350)	(108,633)	(238,983)
Capital Reserve	(541,598)	0	(541,598)
Revaluation Reserve	(4,172,655)	80,378	(4,092,277)
Total Reserves	(4,844,603)	(28,255)	(4,872,858)

PROPERTY PORTFOLIO PERFORMANCE FOR 2023/24

(Actual income to 30 June 2023 and projections to 31 March 2024)

Rental Income – Land & Buildings	2023/24			2023/24
	Approv'd Budget	Project'd Budget	Actuals as at 30/06/23	Project'd Net (Return) /Loss
	£	£	£	£
General				
Cross Wynd Car Park	0	0	0	0
Moat Park	0	0	0	0
Moat Park Playground	0	0	0	0
Buccleuch Bowling Club	0	0	0	0
Hawick Bowling Club	0	0	0	0
Henderson Gardens	0	0	0	0
Hawick Golf Course	(60)	(60)	(30)	(60)
Acreknowe Reservoir (Part)	0	0	0	0
Williestruther Loch/Path	(400)	(400)	(300)	4,600
Williestruther Cottage	(6,500)	(6,500)	(3,792)	(6,500)
Lothian Street Store	(2,250)	(2,250)	(2,685)	(2,250)
Common Haugh Car Park	(7,000)	(7,000)	0	(7,000)
Underhaugh	0	0	0	0
Hawick Moor Racecourse & Bldgs	(700)	(700)	(525)	2,300
Hawick Moor Shootings	(300)	(300)	0	(300)
Woodend Grazings (West)	0	0	(215)	0
Millpath Stables	0	0	0	5,000
Ca'Knowe Monument	0	0	0	0
Volunteer Park & Stand	(1,750)	(1,750)	(1008)	(1,750)
Hawick Burgh Woodlands	0	0	0	0
Woodend Grazings (East)	(195)	(195)	(215)	(195)
Hawick Golf Club Sub Stn Site	(75)	(75)	0	(75)
Hawick 3G Pitch	0	0	0	0
Site (Part of Tennis Court)	0	0	0	0
Hornshole	0	0	0	0
Haggis Ha/Burnflat Wall	0	0	0	0
Backbraes Woodlands	0	0	0	0
100 Stairs and Adjacent Land	0	0	0	0
Property Expenditure General	0	0	0	10,000
General Sub Total	(19,230)	(19,230)	(8,770)	3,770
Pilmuir				
Pilmuir Farm	(45,000)	(45,000)	(40,750)	(30,000)
Pilmuir Farm Cottage	(8,400)	(8,400)	(2,400)	(8,400)
Pilmuir Farm Shed & Silage Pi	0	0	0	0
Pilmuir Sub Total	(53,400)	(53,400)	(43,150)	(38,400)
St Leonards				
St Leonards Farmhouse Buildings	(9,600)	(9,600)	(6,773)	(9,600)
St Leonards Cottage & Park	(8,472)	(8,472)	(2,824)	(5,472)
St Leonards Hut	0	0	0	0
St Leonards Grazings	(7,500)	(7,500)	(5,625)	(7,500)
St Leonards Horse Gallop	(600)	(600)	(450)	(600)
St Leonards Sub Total	(26,172)	(26,172)	(15,672)	(23,172)
Total	(98,802)	(98,802)	(67,592)	(57,802)

**PROPERTY PORTFOLIO PERFORMANCE FOR 2023/24
(Actual expenditure to 30 June 2023)**

Property Expenditure – Land & Buildings	2023/24			
	Approv'd Budget	Actual (Repair & Maint)	Actual (Other)	Actual Total
	£	£	£	£
General				
Cross Wynd Car Park	0	0	0	0
Moat Park	0	0	0	0
Moat Park Playground	0	0	0	0
Buccleuch Bowling Club	0	0	0	0
Hawick Bowling Club	0	0	0	0
Henderson Gardens	0	0	0	0
Hawick Golf Course	0	0	0	0
Acreknowe Reservoir (Part)	0	0	0	0
Williestruther Loch/Path	5,000	527	0	527
Williestruther Cottage	0	727	0	727
Lothian Street Store	0	620	(1)	619
Common Haugh Car Park	0	555	141	696
Underhaugh	0	0	0	0
Hawick Moor Racecourse & Bldgs	0	5,744	189	5,933
Hawick Moor Shootings	0	0	0	0
Woodend Grazings (West)	0	0	0	0
Millpath Stables	5,000	4,763	106	4,869
Ca'Knowe Monument	0	0	0	0
Volunteer Park & Stand	0	0	0	0
Hawick Burgh Woodlands	0	0	0	0
Woodend Grazings (East)	0	0	0	0
Hawick Golf Club Sub Stn Site	0	0	0	0
Hawick 3G Pitch	0	0	0	0
Site (Part of Tennis Court)	0	0	0	0
Hornshole	0	0	0	0
Haggis Ha/Burnflat Wall	0	0	0	0
100 Stairs and Adjacent Land	0	0	0	0
Property Expenditure General	0	3,381	0	3,381
General Sub Total	10,000	16,317	435	16,752
Pilmuir				
Pilmuir Farm	15,000	8,726	678	9,404
Pilmuir Farm Cottage	0	0	0	0
Pilmuir Farm Shed & Silage Pit	0	0	0	0
Pilmuir Sub Total	15,000	8,726	678	9,404
St Leonards				
St Leonards Farmhouse Buildings	0	0	0	0
St Leonards Cottage & Park	3,000	0	0	0
St Leonards Hut	0	4,749	74	4,823
St Leonards Grazings	0	0	0	0
St Leonards Horse Gallop	0	0	0	0
St Leonards Sub Total	3,000	4,749	74	4,823
Total	28,000	29,792	1,187	30,979

HAWICK COMMON GOOD FUND

APPENDIX 4

**PROPERTY PORTFOLIO VALUATION FOR 2023/24
(Projected property valuation to 31 March 2024)**

Fixed Assets – Land & Buildings	Net Book Value at 01/04/23 £	Project'd Depn Charge 2023/24 £	Project'd Net Book Value at 31/03/24 £
General			
Cross Wynd Car Park	0	0	0
Moat Park	0	0	0
Moat Park Playground	0	0	0
Buccleuch Bowling Club	15,000	0	15,000
Hawick Bowling Club	15,000	0	15,000
Henderson Gardens	0	0	0
Hawick Golf Course	66,000	0	66,000
Acreknowe Reservoir (Part)	0	0	0
Williestruther Loch/Path	5,700	0	5,700
Williestruther Cottage	193,333	(6,667)	186,666
Lothian Street Store	17,400	(600)	16,800
Common Haugh Car Park & WCs	98,500	0	98,500
Underhaugh	0	0	0
Hawick Moor Racecourse & Bldgs	47,294	(2,706)	44,588
Hawick Moor Shootings	1,500	0	1,500
Woodend Grazings (West)	2,000	0	2,000
Millpath Stables	27,794	(1,206)	26,588
Ca'Knowe Monument	0	0	0
Volunteer Park & Stand	321,679	(40,321)	281,358
Hawick Burgh Woodlands	318,000	0	318,000
Woodend Grazings (East)	1,500	0	1,500
Hawick Golf Club Sub Stn Site	750	0	750
Hawick 3G Pitch	82,500	0	82,500
Site (Part of Tennis Court)	1,000	0	1,000
Hornshole	0	0	0
Haggis Ha/Burnflat Wall	0	0	0
Backbraes Woodlands	7,400	0	7,400
100 Stairs and Adjacent Land	0	0	0
General Sub Total	1,222,350	(51,500)	1,170,850
Pilmuir			
Pilmuir Farm	1,991,481	(8,519)	1,982,962
Pilmuir Farm Cottage	194,375	(5,625)	188,750
Pilmuir Sub Total	2,185,856	(14,144)	2,171,712
St Leonards			
St Leonards Farmhouse Buildings	277,784	(7,216)	270,568
St Leonards Cottage & Park	212,482	(7,518)	204,964
St Leonards Hut	32,000	0	32,000
St Leonards Grazings	355,000	0	355,000
St Leonards Horse Gallop	20,000	0	20,000
St Leonards Sub Total	897,266	(14,734)	882,532
Total	4,305,472	(80,378)	4,225,094

Fixed Assets – Moveable Assets	Projected Net Book Value at 31/03/24 £
Feu Duty Redemptions	18
Hizzie Leathers	3,000
James Wilson Statue	0
Arts & Artefacts – held in locations below:	0
<u>Hawick Town Hall</u>	
Misc:	
Official Robes (4), Provost’s Chain (2), Plaque with Hawick Town Crest, Gavel & Base (2), Inkwell, Bell, Framed Charter, Decorative Bowl, Framed Print of Steve Hyslop.	
Artworks:	
Provost Robert Fraser Watson 1878-1887	
Provost John Melrose 1902-1919	
Provost David Fisher 1931- 1938	
Provost David Aitkinson M.B.E, 1958-1962 & 1968-1975	
Provost Robert Milligan, 1887-1890	
Provost John Nichol, 1871-1874	
Provost George Wilson 1861-1868	
Bailie Helen Scott	
“Border Reiver”	
“The Common Riding, an old Borders Custom”	
“Covenanters ”	
Common Riding Scene	
Hawick Town Hall	
Collection of framed photographs of Hawick Provosts (1861 – 1975)	
Collection of framed photographs of Hawick Honorary Provosts (1975 onwards)	
<u>Live Borders</u>	
Artworks:	
Hawick Common Riding, 1846	
Hawick from Wester Braid Road	
Common Riding Procession at Tower Knowe, 1890	
Thomas Purdom	
Hawick from Crumhaughhill	
Deuchars Hill, Yarrow	
Hermans Law	
Return to Hawick from Hornshole 1514	
River Tweed near Walkerburn	
A Reivers Ride, 1900	
Rainbow over St Mary’s Loch, 1916	
Harbour Lights; Harvest Scene; Borders Scene; Neidpath	
Castle; Minto Crags	
<u>Hawick Museum</u>	
Hawick Common Riding Flags (8)	
<u>Other Artworks</u>	
Portrait of Sir Gilbert Elliot, 4th Earl of Minto	

Fixed Assets – Land & Buildings (owned by the Common Good Fund but not included in the Balance Sheet)	Projected Net Book Value at 31/03/24 £
Cross Wynd Gardens Car Park	0
Henderson Gardens	0
Total	0

INVESTMENTS EXTERNALLY MANAGED

Cost of Investment	Units	£
Aegon Asset Management Investment (February 2018)	420,634	455,420
Aegon Fund Rebate (2018-2019)	430	465
Aegon Fund Rebate (2019-2020)	349	389
Aegon Fund Rebate (2020-2021)	426	429
Aegon Fund Rebate (2021-2022)	421	462
Aegon Fund Rebate (2022-2023)	540	526
Total Invested to 30 June 2023	422,800	457,691

Value of Investment	£
31 March 2018	453,948
31 March 2019	459,044
31 March 2020	387,110
31 March 2021	460,311
31 March 2022	460,306
30 June 2022	409,442
30 September 2022	383,694
31 December 2022	405,265
31 March 2023	404,282
30 June 2023	406,015
Unrealised Gain/(Loss) on Investment	(51,676)

Return on Investment from inception	Capital Return %	Total Return %
to 31 March 2018	-0.30	
to 31 March 2019	+3.86	+9.41
to 31 March 2020	-15.16	-5.98
to 31 March 2021	+0.78	+16.84
to 30 June 2021	+1.10	+18.71
to 30 September 2021	+0.36	+19.52
to 31 December 2021	+3.93	+25.02
to 31 March 2022	+0.68	+22.56
to 30 June 2022	-10.46	+10.70
to 30 September 2022	-16.12	+5.84
to 31 December 2022	-11.43	+12.81
to 31 March 2023	-11.69	+13.46
to 30 June 2023	-11.30	+16.45